

Director of Central Intelligence

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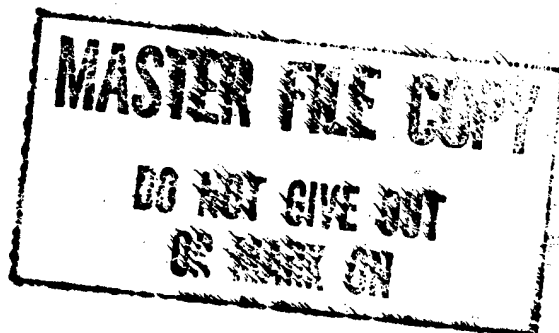
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Special National Intelligence Estimate

The Philippines: Problems and Prospects for the Aquino Government

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Key Judgments



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SNIE 56-88W
March 1988

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THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS, EXCEPT AS NOTED IN THE TEXT.

The following intelligence organizations participated in the preparation of the Estimate:

The Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, and the intelligence organizations of the Departments of State and the Treasury.

Also Participating:

The Assistant Chief of Staff for Intelligence, Department of the Army

The Director of Naval Intelligence, Department of the Navy

The Assistant Chief of Staff, Intelligence, Department of the Air Force

The Director of Intelligence, Headquarters, Marine Corps

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THE PHILIPPINES:
PROBLEMS AND PROSPECTS
FOR THE AQUINO GOVERNMENT
KEY JUDGMENTS

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The full text of this Estimate
is being published separately
with regular distribution.

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KEY JUDGMENTS¹

- As the Aquino government enters its third year, there have been important positive developments. Foremost are the return of democratic institutions to the Philippines and the improvement in the economy. In addition, the threat posed by rebel military officers has receded. The Communist Party of the Philippines, for its part, has experienced some setbacks and internal discord and is seeking ways to maintain its momentum in the face of a highly popular President. (Opinion polls show that most Filipinos remain committed to Aquino, believing that the President and her Cabinet are trying to make the system work.)
- Nevertheless, the threats to stability—a restive officer corps, a persistent Communist insurgency, and widespread poverty—remain very serious, and the government has yet to address fully and effectively the country's deep-seated problems. As we move closer to 1992 and the end of Aquino's term in office, continuing government inertia will exacerbate these problems.
- Most Filipinos are hoping for real progress on goals Aquino and others have articulated—namely, a democratic political process, a loyal and effective military and police that can provide peace and order, and an economic system and government that can work toward alleviating poverty and promoting equity and social justice.
- Given the complexity of the problems and the human and material barriers to success confronting the Aquino government, our best estimate is that the government's implementation of planned military, political, and economic reform will fall short of performance levels needed to contain the threats to stability.² In these circumstances, the Communist insurgency and the

¹ The Assistant Secretary of State for Intelligence and Research, Department of State, Morton I. Abramowitz, believes that the Philippine Government is making reasonable progress in recovering from the Marcos era, recognizes the dangers it faces, and, assuming adequate external assistance, is capable of carrying out the reforms and actions necessary to enhance stability. INR recognizes that significant problems will persist, but the substantial accomplishments of the Aquino administration, the reforms it has begun to implement, and positive developments such as the recent arrests of Communist leaders all point to likely continued improvement. The Communist insurgency is likely to remain potent, but government efforts hold the prospect of containing it. [REDACTED]

² The Special Assistant to the Secretary of the Treasury for National Security is optimistic about the ability of the Aquino government to undertake economic reforms and believes the prospects are good for a high level of performance in the Philippine economy. [REDACTED]

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prospects for military intervention will become increasingly worrisome over the next several years.³

- Moreover, if the Aquino government is content to just muddle through, there is a strong probability that the situation will get worse even before Aquino leaves office.
- Our assessment, however, could be altered significantly by stronger political leadership, a more responsive local government, continued economic growth in the range of the 5 percent achieved in 1987, improved military effectiveness, or greater internal problems for the insurgents.

³ The Director of the National Security Agency, while strongly supportive of the Estimate, believes two factors should have received more emphasis because their importance for the future of the Philippines' political system is greater than generally recognized. First, progress in land reform is essential for any successful strategy against the insurgency. Yet the record of parliamentary democracies in carrying through on land reform is poor. Historically, land reform has been implemented more successfully by authoritarian regimes. Second, a major index of regime success against the insurgency will be its ability to control the country's tax base and to deny it to the insurgents. Unfortunately, it appears that the government's tax base has already been reduced somewhat by insurgent gains. If the government attempts to compensate for the shortfall by relying on foreign assistance rather than regaining the initiative in the countryside, its chances of eventually defeating the Communists are reduced. The danger of becoming too dependent on foreign assistance is not adequately recognized in the Estimate.

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